

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: County Assessors and County Auditors

FROM: Barry Wood, Assessment Division Director *BW*

DATE: December 4, 2008

SUBJECT: Assessment of Wind Towers and Land

The purpose of this memorandum is to address the assessment of Wind Towers that are being developed in various parts of the state to provide an alternative source of energy. In 2005, the Department of Local Government Finance ("Department") was asked for an opinion regarding the assessment of Wind Towers. On August 22, 2005, after meeting with interested parties, and the Department's General Counsel, the following decision was rendered to the Benton County Commissioners:

Per IC 6-1.1-8-3(a)(2) and IC 6-1.1-8-9, the wind tower, but not the land upon which it rests, is to be assessed as state distributable property. The company is required to file an Annual Report UD-45 with the Department on March 1 (IC 6-1.1-8-19). The Department will review the assessment and allocate the value to the appropriate taxing district(s). The assessment will be based on federal cost less federal depreciation, at tax basis per 50 IAC 5.1-6-3.

For more specific information required for filing the Annual Report, and State Distributable property in general, please refer to www.in.gov/dlgf/2486.htm.

Since many of the Wind Towers will be developed and placed on land currently being used for agricultural purposes, frequently on a leased basis, the assessment of the portion of the land used for the Wind Tower is classified as Industrial land. The Industrial land rate to be used is the starting point (see Chapter 2 of the 2002 Real Property Assessment Guidelines for Valuing Commercial and Industrial Acreage - www.in.gov/dlgf/files/bk1ch2.pdf), and the land would be assessed comparable to a cell phone tower. For example, a Wind Tower is located on an agricultural parcel of 6.3240 acres. Approximately 5.35 acres of the parcel is assessed as "Tillable Cropland", while 0.474 acres is assessed as a "Road Right of Way". The remaining .50 acres, on which the Wind Tower sits, is assessed as "Industrial Land". Typically, the land area that is utilized for the placement of an individual wind tower is anywhere from .25 acres to .50 acres. Depending on the parcel and its use, the portion of the land that contains the Wind Tower could be assessed as "Secondary Industrial" land (Note: the actual amount of acreage taken out of agricultural production should be charged at the industrial rate. This would include any roads utilized to construct and service the tower and the individual tower placement site). Secondary land is defined as land used for purposes that are secondary to the primary use of the land.

The deduction for a wind power device (IC 6-1.1-12-29 and IC 6-1.1-12-30) is applicable to Wind Towers. The taxpayer must own the property in the year for which the deduction is sought, and timely apply on Form SES/WPD (Statement for Deduction of Assessed Valuation [Attributed to Solar Energy System/Wind, Geothermal or Hydroelectric Power Device]).

IC 6-1.1-12-29

Wind power device; definition

Sec. 29. (a) For purposes of this section, "wind power device" means a device, such as a windmill or a wind turbine, that is designed to utilize the kinetic energy of moving air to provide mechanical energy or to produce electricity.

IC 6-1.1-12-30 Version a

Claim for deduction for wind power device

Note: This version of section amended by P.L.144-2008, SEC.30. See also following version of this section amended by P.L.146-2008, SEC.113.

Sec. 30. Except as provided in section 36 of this chapter and subject to section 45 of this chapter, a person who desires to claim the deduction provided by section 29 of this chapter must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the real property or mobile home is subject to assessment. With respect to real property, the person must file the statement during the year for which the person desires to obtain the deduction. With respect to a mobile home which is not assessed as real property, the person must file the statement during the twelve (12) months before March 31 of each year for which the person desires to obtain the deduction. The person must:

(1) own the real property, mobile home, or manufactured home; or

(2) be buying the real property, mobile home, or manufactured home under contract; on the date the statement is filed under this section. On verification of the statement by the assessor of the township in which the real property or mobile home is subject to assessment, the county auditor shall allow the deduction.

As added by Acts 1979, P.L.56, SEC.4. Amended by P.L.43-1984, SEC.2; P.L.90-2002, SEC.116; P.L.154-2006, SEC.21; P.L.183-2007, SEC.8; P.L.144-2008, SEC.30.

IC 6-1.1-12-30 Version b

Wind power device; filing of claim

Note: This version of section amended by P.L.146-2008, SEC.113. See also preceding version of this section amended by P.L.144-2008, SEC.30.

Sec. 30. Except as provided in section 36 of this chapter, a person who desires to claim the deduction provided by section 29 of this chapter must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the real property or mobile home is subject to assessment. With respect to real property, the person must file the statement during the twelve (12) months before June 11 of each year for which the person desires to obtain the deduction. With respect to a mobile home which is not assessed as real property, the person must file the statement during the twelve (12) months before March 31 of each year for which the person desires to obtain the deduction. On verification of the statement by the assessor of the township in which the real property or mobile home is subject to assessment, or the county assessor if there is no township assessor for the township, the county auditor shall allow the deduction.

As added by Acts 1979, P.L.56, SEC.4. Amended by P.L.43-1984, SEC.2; P.L.90-2002, SEC.116; P.L.154-2006, SEC.21; P.L.183-2007, SEC.8; P.L.146-2008, SEC.113.

If you have any questions, please contact your Assessment Division field representative, or you may contact me at (317) 232-3777 or Bwood@dlgf.in.gov.